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21 Leiasa Beckham

22 UNITED STATES DISTRICT COURT
23
24 NORTHERN DISTRICT OF CALIFORNIA

25 UNITED STATES OF AMERICA, *ex rel.*
26 LEIASA BECKHAM, and STATE OF
27 CALIFORNIA, *ex rel.* LEIASA BECKHAM,

28 Plaintiffs,

vs.

1850 BRYANT LAND LLC, KASLOFSKY
19 & ASSOCIATES LLC, THURSTON
20 KASLOFSKY, CHRISTOPHER PAUL
21 FOLEY, DOUGLAS ROSS, SAN
22 FRANCISCO COMMUNITY
23 INVESTMENT FUND, CITY AND
24 COUNTY OF SAN FRANCISCO, and
25 NAOMI KELLY,

Defendants.

CASE NO.: 3:21-cv-05742-RS

THIRD AMENDED COMPLAINT
FOR VIOLATIONS OF THE
FEDERAL FALSE CLAIMS ACT
AND CALIFORNIA FALSE
CLAIMS ACT; DEMAND FOR
JURY TRIAL

26
27 COMES NOW, Plaintiff and *Qui Tam* Relator Leiasa Beckham, individually and on
28 behalf of the United States of America and the State of California, and alleges as follows:

INTRODUCTION

2 Defendants 1850 Bryant Land LLC, Kaslofsky & Associates LLC, Thurston Kaslofsky,
3 Christopher Paul Foley, and Douglas Ross entered into a secret “Backroom Deal” with
4 defendants City and County of San Francisco (San Francisco), San Francisco Community
5 Investment Fund (SFCIF), and Naomi Kelly, among others, in which the former defendants
6 would develop and lease or sell the real property located at 1850 Bryant Street, San Francisco,
7 California (Subject Property) to defendant San Francisco as a Single-Use City Facility, a
8 portion of which San Francisco would lease to the University of California at San Francisco
9 (UCSF). However, Defendants knew that the Subject Property did not have local community
10 support needed for the development of the Subject Property for such purpose, which was
11 necessary for the San Francisco Planning Commission’s permitting approval of the
12 development as a Single-Use City Facility.

13 Defendants devised a scheme to obtain community support for the development of the
14 Subject Property by fraudulently representing to the local community and nonprofit
15 organizations that the Subject Property would be developed as a Nonprofit Multi-Tenant
16 Center project, of which condominiums would be sold to various nonprofit organizations to
17 serve the local community, when in fact Defendants knew that Defendants 1850 Bryant Land
18 LLC, Kaslofsky & Associates LLC, Thurston Kaslofsky, Christopher Paul Foley, and Douglas
19 Ross had no intention of selling such condominiums to the nonprofit organizations.
20 Defendants made such false misrepresentations to gain community support for the
21 development of the building, which was necessary for the San Francisco Planning
22 Commission's permitting approval of the development. After the Planning Commission
23 approved the development of the building as a Nonprofit Multi-Tenant Center project with the
24 local community's support, Defendants' scheme was to refuse to proceed with the sale of the
25 condominiums to the nonprofit organizations, and to instead seek an administrative variance
26 (without the need for a public hearing or local community support) from the San Francisco
27 Planning Department to permit approval of the development as a Single-Use City Facility and
28 proceed with their plans to lease or sell the building to San Francisco as a Single-Use City

1 Facility, a portion of which was to be leased to UCSF (which does not constitute a Nonprofit
2 Multi-Tenant Center project). Defendants intended and knew that their fraudulent scheme
3 would result, and did result, in the nonprofit organizations applying for and obtaining grant
4 funds originating from the United States (Government) and California based upon the
5 nonprofit organizations believing that they would purchase business condominiums at the
6 Subject Property. As part of Defendants' scheme, Defendants used the approval of such grants
7 to the nonprofit organizations in seeking the Planning Commission's approval of the Subject
8 Property's development as a Nonprofit Multi-Tenant Center project.

9 In violation of the Federal and California False Claims Acts, Defendants' frauds
10 resulted in the application for, and award of, millions of dollars in grant funds originating from
11 the Government and/or California to the nonprofit organizations which were based upon such
12 nonprofit organizations supposedly purchasing business condominiums at the Subject Property
13 as a Nonprofit Multi-Tenant Center project.

JURISDICTION AND VENUE

15 1. Plaintiff and *Qui Tam* Relator Leiasa Beckham (Beckham) files this action on
16 behalf and in the name of the United States Government (Government) and the State of
17 California (California) seeking damages and civil penalties against the Defendants for
18 violations of 31 U.S.C. § 3729(a) and *California Government Code* § 12651, respectively.

19 2. This Court's jurisdiction over the claims for violations of 31 U.S.C. § 3729(a)
20 and *California Government Code* § 12651 is based upon 31 U.S.C. § 3732(a) and 31 U.S.C.
21 § 3732(b), respectively.

22 3. Venue is vested in this Court under 31 U.S.C. § 3732(a) because at least one of
23 the Defendants transacts business in San Francisco in the Northern District of California and
24 many acts constituting violations of 31 U.S.C. § 3729(a) occurred in San Francisco in the
25 Northern District of California.

INTRADISTRICT ASSIGNMENT

27 4. Pursuant to L.R. 3-2(c) and 3-5, assignment of this action to the San Francisco
28 Division is proper because many acts constituting violations of 31 U.S.C. § 3729(a) occurred

1 in the City and County San Francisco.

2 THE PARTIES

3 5. Beckham is a resident and citizen of the United States, the State of California,
 4 and of this District. Beckham brings this action on behalf of the Government under 31 U.S.C.
 5 § 3730(b) and on behalf of California under *California Government Code* § 12652(c).

6 6. Defendants Thurston Kaslofsky (Kaslofsky), Christopher Paul Foley (Foley) and
 7 Douglas Ross (Ross) are individuals doing business in this District.

8 7. Defendant 1850 Bryant Land LLC (Bryant Land) is a California limited liability
 9 corporation located in and doing business in this District. At all times relevant, Foley and
 10 Ross were and are the managers and/or members of Bryant Land. The Defendants in this
 11 paragraph are collectively referred to as the “Bryant Land defendants.”

12 8. Defendant Kaslofsky & Associates LLC (K&A) is a California limited liability
 13 corporation located in and doing business in this District. Kaslofsky is the manager and/or
 14 member of K&A. The Defendants in this paragraph are collectively referred to as the
 15 “Kaslofsky defendants.” At all times relevant, the Kaslofsky defendants acted as consultant
 16 and agent of the Bryant Land defendants.

17 9. Defendant City and County of San Francisco (San Francisco) is a consolidated
 18 city-county in California.

19 10. Beckham is informed and believes, and upon such information and belief
 20 alleges, that defendant San Francisco Community Investment Fund (SFCIF) is a California
 21 nonprofit corporation, and that at all times relevant all of SFCIF’s board members and staff
 22 were also employees of San Francisco.

23 11. At all times relevant, defendant Naomi Kelly (Kelly) was the City Administrator
 24 for San Francisco, a committee member of the San Francisco Capital Committee, and a board
 25 member and/or officer of SFCIF.

26 GENERAL ALLEGATIONS

27 12. Beckham is a highly credentialed real estate developer who has about twenty
 28 (20) years of real estate experience specializing in grassroots development projects that serve

1 the affordable housing social enterprise, and nonprofit sectors. She holds a Master's degree
 2 in Urban Studies and Planning from Massachusetts Institute of Technology and a Bachelors'
 3 of Science in Urban Affairs and Planning from City University of New York City and has
 4 worked on several notable projects in the city of San Francisco, including: The City of San
 5 Francisco's Central Market Economic Strategy, Community Arts Stabilization Trust, San
 6 Francisco Nonprofit Displacement Program, the Artist Replacement Building for the Hunter's
 7 Point Shipyard, and the San Francisco Community Land Trust's 55 Columbus in Chinatown.
 8 As such, and over the course of her career, Beckham has become widely recognized by her
 9 peers as an expert in the field of non-profit real estate development and finance.

10 13. Formerly a Senior Real Estate Consultant at Northern California Community
 11 Loan Fund (NCCLF) in which she assisted nonprofits in securing more than 500,000 sq. ft.
 12 of commercial space, Beckham decided to establish her own company as she wanted to
 13 specialize in and exclusively focus on ethical redevelopment commercial real estate
 14 transactions. In doing so, Beckham recruited defendant Kaslofsky—a former employee of the
 15 San Francisco Redevelopment Agency—to partner with her in establishing the company.

16 14. On April 27, 2016, Beckham and Kaslofsky founded Common Ground Urban
 17 Development, LLC, a California limited liability company (Common Ground), with the stated
 18 goal of building inclusive equitable real estate development projects that leverage the
 19 unrealized potential of distressed properties. At that time, and as a limited liability company,
 20 Beckham and Kaslofsky were each considered a "Manager" of Common Ground. Common
 21 Ground's first—and only—project at the time was working on the real property development
 22 project located at 1850 Bryant Street, San Francisco, California (the "Subject property"). The
 23 real estate development project of the Subject Property as represented by the defendants to
 24 Beckham and the general public is referred to as "1850 Bryant Street project." The 1850
 25 Bryant Street project was promoted to be a 172,000 sq. ft. new construction Nonprofit Multi-
 26 Tenant Center in San Francisco's Mission District, business condominiums of which were to
 27 be purchased and occupied by nonprofit organizations serving the local community.

28 15. Beckham bases her allegations that the Defendants violated the federal False

1 Claims Act, 31 U.S.C. §§ 3729, et seq. (FCA), and California False Claims Act, *California*
 2 *Government Code* §§ 12650, et seq. (CFCA), based upon, among other things, (a) her
 3 professional experience and expertise, (b) her working on the 1850 Bryant Street project, (c)
 4 her personal interactions with the Defendants, nonprofit organizations that agreed to purchase
 5 business condominiums in the 1850 Bryant Street project's Nonprofit Multi-Tenant Center,
 6 and members of the local community, (d) review of defendant Kaslofsky's email
 7 correspondence sent through or received by Common Ground's email server, and (e) her
 8 review of documents she obtained from San Francisco pursuant to the San Francisco Sunshine
 9 Ordinance (San Francisco Administrative Code, Chapter 67).

10 **DEFENDANTS' FRAUDULENT SCHEME**

11 16. At all times relevant, the Bryant Land defendants held an option to purchase, or
 12 owned after executing such option, the Subject Property.

13 17. During and after 2014, all Defendants and their below-mentioned employees and
 14 agents were aware that:

- 15 (a) The Bryant Land defendants needed the San Francisco Planning
 16 Commission's approval to develop the Subject Property;
- 17 (b) Obtaining the San Francisco Planning Commission's approval to develop
 18 the Subject Property required the support and approval of the local
 19 community;
- 20 (c) The local community would oppose the development of Subject Property
 21 into a Single-Use City Facility owned or leased by San Francisco, with
 22 a portion thereof to be leased to UCSF;
- 23 (d) The local community's opposition to developing the Subject Property
 24 would result in the Planning Commission not approving such
 25 development;
- 26 (e) The local community would support and approve of the development of
 27 the Subject Property into a Nonprofit Multi-Tenant Center, business
 28 condominiums of which were to be purchased and occupied by nonprofit

organizations that provided services to the local community; and

(f) Nonprofit organizations that provided services to the local community needed federal and/or state grant funds to acquire business condominiums at the Subject Property and support their operations.

5 18. At all times relevant since about May 2014, San Francisco and its employees,
6 including but not limited to John Updike (San Francisco's Director of Real Estate), Olson Lee
7 of the Mayor's office, Mohamed Nuru (Director of Public Works), and Trent Rhorer
8 (Executive Director of Human Services Agency), SFCIF and Kelly wanted the Subject
9 Property to be developed into a Single-Use City Facility to be used in whole or in part by San
10 Francisco's departments and agencies, including but not limited to its Police Department's
11 Special Investigations Division, and a portion of which was to be leased to UCSF. However,
12 San Francisco and its above-mentioned employees, knew that they would not be able to obtain
13 local community support for the development of the Subject Property for such use, and
14 therefore would not be able to obtain Planning Commission approval for the Subject Property
15 as a Single-Use City Facility. Accordingly, during or about March or April 2015, San
16 Francisco employees, including but not limited to, Updike, Lee, Nuru, Rhorer and Kelly,
17 among others, approached Foley and Ross and formed a "Backroom Deal" that San Francisco
18 would enter into a long term lease of, or purchase, the Subject Property, as a Single-Use City
19 Facility for use by San Francisco's Police Department and other city departments (a portion
20 of which was to be leased to UCSF),¹ and San Francisco would sell the real property located
21 at 170 Otis Street, San Francisco, California (170 Otis) at favorable terms to the Bryant Land
22 defendants if the Bryant Land defendants were able to develop the Subject Property as a
23 Single-Use City Facility. Because San Francisco, its above-mentioned employees, and the
24 Bryant Land defendants knew that the local community would not support such a
25 development, and that local community support was required to develop the Subject Property

²⁷ San Francisco and UCSF entered into agreements dated, among others, July 15, 2015,
28 February 13, 2017, July 13, 2018, and October 18, 2018 in which San Francisco would lease a portion
of the Single-Use City Facility to UCSF.

1 into a Single-Use City Facility, the Bryant Land defendants, Updike, Lee, Nuru, Rhorer, Kelly,
 2 and San Francisco, among others, decided that in order to obtain local community support for
 3 the development and Planning Commission approval, that they would misrepresent to the local
 4 community and the Planning Commission that the Subject Property would be developed into
 5 a Nonprofit Multi-Tenant Center project, which would house the operations of nonprofit
 6 organizations serving the local community. As part of the scheme, said Defendants and above-
 7 mentioned San Francisco employees agreed that after the Planning Commission approved the
 8 project for a Nonprofit Multi-Tenant Center project with support from the local community,
 9 Defendants would have the project's development approval modified administratively, without
 10 a public hearing nor local community input, as a Single-Use City Facility so that San Francisco
 11 could lease or purchase the Subject Property and lease a portion of it to UCSF.

12 19. On or about November 20, 2015, Ross and Foley formed defendant Bryant Land,
 13 and shortly thereafter Bryant Land acquired an option to purchase the Subject Property.

14 20. In furtherance of the fraudulent scheme, on or about January 19, 2016 the Bryant
 15 Land defendants submitted an application to the Planning Commission for a conditional use
 16 authorization to develop the Subject Property into a Nonprofit Multi-Tenant Center.

17 21. Beckham is informed and believes, and upon such information and belief
 18 alleges, that by February 2016 Kaslofsky became aware of and agreed to participate in
 19 Defendants' Backroom Deal. During or about February 2016, Kaslofsky, working as a
 20 consultant and agent for the Bryant Land defendants, had meetings with the San Francisco
 21 Office of Community Investments and Infrastructure regarding general obligation bond
 22 financing for the development of the Subject Property into a Single-Use City Facility. Such
 23 bond financing is incompatible with the development of, and nonprofit acquisition of business
 24 condominiums at, the Nonprofit Multi-Tenant Center.

25 22. During or about Summer and Fall of 2015, Bryant Land's Foley and Ross
 26 advised Beckham that the 1850 Bryant Street project involved the development of the Subject
 27 Property into a Nonprofit Multi-Tenant Center, business condominiums of which were to be
 28 purchased and occupied by nonprofit organizations that provided services to the local

1 community. Foley and Ross advised Beckham that they wanted to retain her services to
 2 facilitate and obtain the entitlements and financing for the 1850 Bryant Land project, including
 3 but not limited to (a) obtaining San Francisco Planning Commission approval for the
 4 development of the Subject Property into a Nonprofit Multi-Tenant Center, and (b) assisting
 5 the Nonprofit purchasers of business condominiums at the Nonprofit Multi-Tenant Center to
 6 obtain financing, through among other things, federal and/or state funded grants for the
 7 Nonprofits' down payment and/or debt service payments of mortgage loans to be used towards
 8 their acquisition of such business condominiums.

9 23. During or about April 2016, defendant Bryant Land retained Common Ground
 10 to facilitate and obtain the entitlements and financing for the 1850 Bryant Land project,
 11 including but not limited to (a) obtaining San Francisco Planning Commission approval for
 12 the development of the Subject Property into a Nonprofit Multi-Tenant Center, and (b) helping
 13 the Nonprofit purchasers of business condominiums at the Nonprofit Multi-Tenant Center to
 14 obtain financing, through among other things, federal and/or state funded grants for
 15 Nonprofits' down payment and/or debt service payments of mortgage loans to be used towards
 16 their purchase of such business condominiums. Common Ground agreed that this was to be
 17 an exclusive arrangement (i.e., Common Ground would not perform work for any other
 18 project) through about December 2017.

19 24. During and between 2015 and 2018, the Bryant Land defendants, the Kaslofsky
 20 defendants, Beckham, and San Francisco's Lex Leifheit (Nonprofit Business Development
 21 Manager of San Francisco's Office of Economic and Workforce Development), Lee, Nuru,
 22 and Kelly, among others, advised various nonprofit organizations in numerous telephone calls
 23 to all Nonprofit Partners; numerous emails by the Bryant Land defendants, Kaslofsky, K&A,
 24 Lee's staff (including but limited to Brian Chu and Leifheit), Nuru and his staff (including but
 25 not limited to Mindy Linetzky), and Kelly's staff (including but not limited to Jamie Querubin
 26 and Holly Lung) to all Nonprofit Partners between July 2015 and December 2018, and
 27 Beckham's emails to nonprofit organizations including the Nonprofit Partners between and
 28 during and between 2015 and 2017; numerous meetings by the Bryant Land defendants,

1 Kaslofsky and Leifheit at least weekly with the Nonprofit Partners during and between 2015
 2 and 2018; Beckham's near daily meetings with the Nonprofit partners during 2016 and 2017;
 3 and weekly written promotional materials provided by Foley, Beckham, Kaslofsky, K&A to
 4 nonprofit organizations during 2016 and 2017; Common Ground's website; and newspaper
 5 articles (see, <https://www.sfgate.com/bayarea/article/SF-complex-planned-to-permanently-house-social-10901814.php>, <https://missionlocal.org/2017/04/developers-plan-project-entirely-to-permanently-house-nonprofits/>, and <https://communityvisionca.org/san-francisco-nonprofits-secure-long-term-leases-with-one-million-in-funds/>) about the Bryant Land
 6 defendants' purported intent to develop the Subject Property into a Nonprofit Multi-Tenant
 7 Center project that would provide nonprofit services to the local community.
 8

120 25. In reliance thereon, during and between 2015 and at least 2018, nonprofit
 121 organizations, including but not limited to San Francisco Conservation Corps (SFCC),
 122 Goodwill, Mission Neighborhood Centers, Horizons Unlimited, Blue Bear School of Music,
 123 TIDE, and Muttville (collectively, "Nonprofit Partners") agreed to purchase condominiums
 124 at the Subject Property and at least annually applied for and/or obtained grant funds (for the
 125 down payment and/or mortgage debt service) originating from Government agencies,
 126 including but not limited to the Department of Health and Human Services (HHS) and the
 127 Department of Housing and Urban Development (HUD), and California agencies, including
 128 but not limited to CalRecycle, California State Proposition 40 Acquisition Fund, California
 129 Natural Resources Agency, California Department of Education, and California Conservation
 130 Corps, with the understanding and requirement that such Nonprofit Partners were purchasing
 131 condominiums for their respective operations to serve the local community at the Subject
 132 Property Nonprofit Multi-Tenant Center project. Beckham is informed and believes, and upon
 133 such information and belief alleges, that such grant applications that were submitted and
 134 awarded include, but are not limited to:
 135

136 i. SFCC grant applications that were submitted and awarded:
 137
 138

- (1) For Fiscal Year (FY) 2015/2016² and FY 2016/2017, SFCC applied for and was awarded down payment grants of \$25,000 and \$765,200 (awarded May 22, 2017), respectively, from the San Francisco Mayor's Sustainability Initiative (involving federal and California funds);
 - (2) For FY 2015/2016 and FY 2018/2019, SFCC applied for and was awarded operating grants, including but not limited to mortgage debt service, for nonprofit services at the 1850 Bryant Land project, in the amounts of \$1,585,725, and \$1,701,030, respectively, from CalRecycle;

ii. Goodwill grant applications that were submitted and awarded:

 - (1) For FY 2015/2016, Goodwill applied for and was awarded an operating grant, including but not limited to mortgage debt service, for nonprofit services at the 1850 Bryant Land project, in the amount of \$95,871 from the Department of Labor under the Federal Workforce Investment Act;
 - (2) For FY 2015/2016, Goodwill applied for and was awarded operating grants, including but not limited to mortgage debt service, for nonprofit services at the 1850 Bryant Land project, in the total amount of \$60,546,921 from San Francisco (involving federal and California funds);

iii. Mission Neighborhood Centers (MNC) grant applications that were submitted and awarded:

 - (1) For FY 2016/2017 and FY 2017/2018, MNC applied for and was awarded a down payment grants in the amounts of \$500,000 and \$1,200,000 (awarded March 28, 2018), respectively, from the

²Each Fiscal Year (FY) begins on June 1 through May 31. For example, FY 2015/2016 is from June 1, 2015 through May 31, 2016.

Low Income Investment Fund (involving federal and California funds);

- (2) For FY 2016/2017, MNC applied for and was awarded down payment grants in the total amounts of \$1,000,000 and \$1,000,000 from NCCLF (awarded November 2017 and involving federal and California funds) and San Francisco (awarded March 5, 2018 and involving federal and California funds), respectively;
 - (3) For FY 2016/2017, MNC applied for and was awarded operating grants, including but not limited to mortgage debt service, for nonprofit services at the 1850 Bryant Land project, in the amount of \$4,589,193 from the Federal Head Start program;
 - (4) For FY 2016/2017, MNC applied for and was awarded operating grants, including but not limited to mortgage debt service, for nonprofit services at the 1850 Bryant Land project, in the amount of \$573,653 from the United States Department of Agriculture's Child and Adult Care Food Program;
 - (5) For FY 2016/2017, MNC applied for and was awarded operating grants, including but not limited to mortgage debt service, for nonprofit services at the 1850 Bryant Land project, in the amounts of \$4,060,811 from the California Department of Education; and
 - (6) For FY 2016/2017, MNC applied for and was awarded operating grants, including but not limited to mortgage debt service, for nonprofit services at the 1850 Bryant Land project, in the amount of \$3,634,834 from San Francisco (involving federal and California funds).

26. Further, the Nonprofit Partners reported to their grant issuers or grant
27 administrators that previously applied for and awarded grant funds originating from the
28

1 Government and/or California agencies would be used for the down payment, mortgage debt
 2 service and/or other operations at the 1850 Bryant Land project, including but not limited to:

- 3 i. During or about the Fall of 2015, SFCC notified, and received approval
 4 from, the Proposition 40 California State Acquisition Fund that its
 5 previously awarded \$1,275,000 down payment grant would be used
 6 toward the purchase of a business condominium at the 1850 Bryant
 7 Street project;
- 8 ii. During or about the Fall of 2015, SFCC notified, and received approval
 9 from, CalRecycle that its previously awarded \$1,567,229 operating grant
 10 would be used towards the operating expenses, including but not limited
 11 to mortgage debt service, at the 1850 Bryant Street project; and
- 12 iii. During or about the Fall of 2015, NMC notified, and received approval
 13 from, the Federal Head Start Program, California Department of
 14 Education, San Francisco, and Low Income Investment Fund³ that their
 15 previously awarded \$8,106,354, \$2,232,266, \$8,566,216, and \$500,000,
 16 respectively, operating grants would be used towards the operating
 17 expenses, including but not limited to mortgage debt service, at the 1850
 18 Bryant Street project.

19 27. Further, Beckham is informed and believes, and upon such information and
 20 belief alleges, that the following grant applications were submitted to the Nonprofit Space
 21 Investment Fund (which utilizes both federal and California funds) for down payment
 22 assistance toward their purchase of a business condominium at the 1850 Bryant Street project:

- 23 i. On or about March 18, 2017, Muttville and Horizons Unlimited each
 24 applied for \$1 million grants; and
- 25 ii. On or about September 8, 2017, Muttville, Horizons Unlimited, and
 26 TIDES each applied \$1 million grants.

27
 28 ³San Francisco's and Low Income Investment Fund's grants include funds originating from
 the Government and California.

1 28. During and between 2015 and June 2017, the Bryant Land defendants, the
 2 Kaslofsky defendants, Beckham, San Francisco's Leifheit and employees from San
 3 Francisco's Real Estate Department, Mayor's office, Public Works Department, Human
 4 Services Agency, and City Administrator's Office generated and obtained local community
 5 support for the 1850 Bryant Street project to be developed into a Nonprofit Multi-Tenant
 6 Center which would serve the local community through, among other things, more than 25
 7 meetings with the local community, an on-line petition (see, <https://www.change.org/p/city-of-san-francisco-support-for-a-nonprofit-social-innovation-center>) digitally advertised by the
 8 above individuals, presentations during October 2016 and September 2017 to the general
 9 public about the 1850 Bryant Street project, and news articles and meetings with nonprofit
 10 organizations other than Nonprofit Partners mentioned in paragraph 24, above.

12 29. On or about September 9, 2016, Kaslofsky printed a "test fit" spreadsheet at
 13 Nuru's San Francisco office reflecting that the Subject Property was to be developed into a
 14 Single Use City Facility housing San Francisco departments (such as the Police Department's
 15 Special Investigations Department) and UCSF. Such uses are incompatible with a Nonprofit
 16 Multi-Tenant Center.

17 30. As part of the fraudulent scheme, during or about early 2016 SFCIF provided
 18 documentation to the Nonprofit Partners indicating that SFCIF was awarding \$20 million to
 19 the Bryant Land defendants to develop the Subject Property into a Nonprofit Multi-Tenant
 20 Center, even though SFCIF and Kelly knew, and were part of Defendants' fraudulent scheme,
 21 that the Nonprofit Partners would not be able to purchase the business condominiums at the
 22 Subject Property.

23 31. During or about early 2017, in support of the Bryant Land defendants' attempts
 24 to have the San Francisco Planning Commission approve the Subject Property as a Nonprofit
 25 Multi-Tenant Center project, the Bryant Land defendants and Kaslofsky submitted, or caused
 26 to be submitted, to the Planning Commission information supporting the financial feasibility
 27 of the development of the Subject Property as a Nonprofit Multi-Tenant Center project,
 28 including documentation reflecting that the Nonprofit Partners were utilizing grant funds

1 originating from the Government and/or California to purchase business condominiums at the
 2 Subject Property upon completion of the project.

3 32. With the support of the local community, on or about June 1, 2017 the San
 4 Francisco Planning Commission approved the 1850 Bryant Street project to be developed into
 5 a Nonprofit Multi-Tenant Center.

6 33. On or about August 1, 2017, after Foley signed a term sheet financing agreement
 7 with Goldman Sachs's Urban Investment Arm (to finance the development of the Subject
 8 Property only as a Nonprofit Multi-Tenant Center project), Foley admitted to Beckham that
 9 "now I will do my 'real deal' with Thor [Kaslofsky]." Beckham later learned that Foley was
 10 indicating that he would proceed with the Backroom Deal.

11 34. Most if not all of the grant funds originating from the Government's HHS and
 12 HUD were administered, awarded and issued by San Francisco, even though San Francisco,
 13 SFCIF and Kelly, among others, knew that the Nonprofit Partners' grant applications were
 14 based upon Defendants' misrepresentations that the Subject Property was being built as a
 15 Nonprofit Multi-Tenant Center project from which the Nonprofit Partners would purchase
 16 business condominiums to serve the local community.

17 35. However, the representations to the Nonprofit Partners, the local community,
 18 and the agencies awarding federal and/or California grant funds to the Nonprofit Partners were
 19 false in that, among other things, the Bryant Land defendants always intended (a) not to
 20 develop the Subject Property into a Nonprofit Multi-Tenant Center, nor sell business
 21 condominiums to the Nonprofit Partners, but instead, (b) to lease or sell the Subject Property
 22 to San Francisco as a Single-Use City Facility (a portion of which was to be leased to UCSF)
 23 in exchange for San Francisco selling, or providing an option to purchase, 170 Otis to the
 24 Bryant Land defendants. At all times relevant, Kaslofsky, SFCIF, Kelly and San Francisco
 25 were aware of said Bryant Land defendants' decision and intentions, and the falsity of said
 26 representations. Instead, the Bryant Land defendants, Kaslofsky, SFCIF, Kelly and San
 27 Francisco concealed and did not reveal same to the Government, California, the Nonprofit
 28 Partners, nor the local community when (a) grant funds originating from the Government or

1 California were considered and/or approved to the Nonprofit Partners, and/or (b) the Bryant
 2 Land defendants, the Kaslofsky defendants, SFCIF, Kelly and San Francisco misrepresented
 3 that the Subject Property was being built as a Nonprofit Multi-Tenant Center project.

4 36. Much of the grant funds originating from the Government's HHS and HUD were
 5 federal block grants administered, awarded and issued by San Francisco, which in turn were
 6 awarded and issued to the Nonprofit Partners. During and between 2015 and at least 2019,
 7 San Francisco periodically, and at least annually, (a) reported to the Government that such
 8 grants were properly awarded and administered by San Francisco even though San Francisco
 9 knew that such grant funds issued to the Nonprofit Partners were issued based upon the falsity
 10 that the Nonprofit Partners would purchase business condominiums at the Subject Property,
 11 and (b) concealed from the Government that the Nonprofit Partners would not purchase
 12 business condominiums at the Subject Property and thus did not qualify for the grants.

13 37. Further, the grant funds originating from the Government and California would
 14 not have been applied for by, nor issued to, the Nonprofit Partners had the Defendants
 15 truthfully revealed that the Subject Property would not be a Nonprofit Multi-Tenant Center
 16 project, but instead, intended to be leased or sold to San Francisco as a Single-Use City
 17 Facility (a portion of which was to be leased to UCSF). Beckham is informed and believes,
 18 and upon such information and belief alleges, that these grant funds amounted to millions of
 19 dollars.

20 38. After the Planning Commission approved the 1850 Bryant Street project to be
 21 developed into a Nonprofit Multi-Tenant Center, the 1850 Bryant Land defendants and
 22 Kaslofsky began trying to dismantle the 1850 Bryant Street project.

23 39. During or about August 2017, Beckham and Kaslofsky met Leifheit at her San
 24 Francisco City Hall office, during which Leifheit advised that she had learned from her
 25 sources that Kaslofsky was trying to have San Francisco acquire the development of 1850
 26 Bryant as a Single-Use City Facility, instead of the Non-Profit Partners purchasing business
 27 condominiums at the 1850 Bryant Street Project's Nonprofit Multi-Tenant Center project.
 28 However, Kaslofsky denied such as unfounded rumors.

1 40. During or about August 2017, Beckham learned that the Bryant Land defendants
 2 and Kaslofsky had not caused the Subject Property to be zoned into business condominium
 3 parcels, as they had agreed to do. As one of the Nonprofit Partners need to close its purchase
 4 of its business condominium in the near future, this omission reflects that the Bryant Land
 5 defendants and Kaslofsky had no intention to proceed with the 1850 Bryant Land project.

6 41. During or about October 2017, the Bryant Land defendants found the anchor
 7 Nonprofit Partner, Goodwill, another location to purchase in the City of San Francisco.

8 42. Kaslofsky ceased being a member of Common Ground during or about January
 9 2018.

10 43. Pursuant to the Backroom Deal, during or about January 2018 the Bryant Land
 11 defendants submitted an application to the San Francisco Planning Department to
 12 administratively change, without local community input, the Planning Commission's
 13 conditional use permit to allow for the construction of the Subject Property into a Single-Use
 14 City Facility instead of a Nonprofit Multi-Tenant Center. During or about May 2018, this
 15 application was denied. Eventually, during October 2021 the Bryant Land defendants
 16 submitted an application to the San Francisco Planning Department to administratively change,
 17 without local community input, the Planning Commission's conditional use permit to allow
 18 for the construction of the Subject Property into a Single-Use City Facility instead of a
 19 Nonprofit Multi-Tenant Center. During or about December 2021, this application was
 20 approved.

21 44. During or about the first half of 2019, Beckham reviewed Kaslofsky's email
 22 correspondence sent through or received by Common Ground's email server, and discovered,
 23 among other things, that San Francisco had a Backroom Deal with the 1850 Bryant Land
 24 defendants and Kaslofsky that was inconsistent with 1850 Bryant Street project being built as
 25 a Nonprofit Multi-Tenant Center. The Summer of 2016 through January 2018 emails reflect
 26 that Foley instructed Kaslofsky to thwart agreements (letters of intent, term sheets, meetings)
 27 with the Nonprofit Partners about purchasing business condominiums from the 1850 Bryant
 28 Street project. The emails further reflect Kaslofsky communicating with San Francisco

1 officials about San Francisco's use of the building as a Single-Use City Facility.

2 **FIRST CLAIM FOR RELIEF**

3 (Violation of 31 U.S.C. § 3729(a) against all Defendants)

4 45. Beckham realleges and incorporates by reference all prior paragraphs of this
5 complaint as though fully set forth at length.

6 46. At all times mentioned, Defendants routinely and repeatedly violated 31 U.S.C.
7 § 3729(a)(1) by:

- 8 i. Knowingly presenting, or causing to be presented, false or fraudulent
9 claims for payment or approval to the Government or recipients of
10 Government funds;
- 11 ii. Knowingly making, using, and/or causing to be made or used, false
12 records or statements material to false or fraudulent claims or approval
13 to the Government or recipients of Government funds;
- 14 iii. Knowingly making, using, or causing to be made or used, a false record
15 or statement material to an obligation to pay or transmit money or
16 property to the Government, or knowingly concealing or knowingly and
17 improperly avoiding or decreasing an obligation to pay or transmit
18 money or property to the Government; and
- 19 iv. Conspiring to commit a violation of subparagraph (i), (ii) and/or (iii),
20 above.

21 47. As a result of their conduct, Defendants are liable to the Government for three
22 times the amount of damages sustained by the Government as a result of the false and
23 fraudulent records, statements, claims and/or concealment practices alleged above.

24 48. As a result of Defendants' conduct, 31 U.S.C. § 3729(a)(1) provides that
25 Defendants are liable to the Government for civil penalties between \$5,000 and \$10,000, as
26 adjusted by the Federal Civil Penalties Inflation Adjustment Act of 1990, for each such false
27 and fraudulent records, statements, claims and/or concealment.

28 49. Beckham is also entitled to recover attorney's fees, costs and expenses from

1 Defendants pursuant to 31 U.S.C. § 3730(d).

2 **SECOND CLAIM FOR RELIEF**

3 (Violation of *California Government Code* § 12651(a) against all Defendants)

4 50. Beckham realleges and incorporates by reference all prior paragraphs of this
5 complaint as though fully set forth at length.

6 51. At all times mentioned, Defendants routinely and repeatedly violated *California*
7 *Government Code* § 12651(a) by:

- 8 i. Knowingly presenting, or causing to be presented, false or fraudulent
9 claims for payment or approval to California or recipients of California
10 funds;
- 11 ii. Knowingly making, using, and/or causing to be made or used, false
12 records or statements material to the Nonprofit Partners' applications for
13 grants funded in whole or in part by California;
- 14 iii. Knowingly making, using, or causing to be made or used a false record
15 or statement material to an obligation to pay or transmit money or
16 property to the state or to any political subdivision, or knowingly
17 concealing or knowingly and improperly avoiding, or decreasing an
18 obligation to pay or transmit money or property to the state or to any
19 political subdivision; and
- 20 iv. Conspiring to commit a violation of subparagraph (i), (ii) and/or (iii),
21 above.

22 52. As a result of its conduct, Defendants are liable to California for three times the
23 amount of damages sustained by California as a result of the false and fraudulent records,
24 statements, claims and/or concealment practices alleged above.

25 53. As a result of Defendants' conduct, *California Government Code* § 12651(a)
26 provides that Defendants are liable to California for civil penalties between \$5,500 and
27 \$11,000 for each such false and fraudulent records, statements, claims and/or concealment.

28 54. Beckham is also entitled to recover attorney's fees, costs and expenses from

1 Defendants pursuant to *California Government Code* § 12652(g)(8).

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3 **PRAYER FOR RELIEF**

4 WHEREFORE, Plaintiff and *Qui Tam* Relator Leiasa Beckham prays for relief as
5 follows:

6

7 **FOR THE FIRST CLAIM FOR RELIEF**

- 8 1. Treble the Government's damages according to proof;
- 9 2. Civil penalties according to proof;
- 10 3. A relator's award of up to 30% of the amounts recovered by or on behalf of the
Government;
- 11 4. Attorney's fees and expenses pursuant to 31 U.S.C. § 3730(d);

12 **FOR THE SECOND CLAIM FOR RELIEF**

- 13 5. Treble California's damages according to proof;
- 14 6. Civil penalties according to proof;
- 15 7. A relator's award of up to 50% of the amounts recovered by or on behalf of
California;
- 16 8. Attorney's fees and expenses pursuant to *California Government Code* §
12652(g)(8);

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1 FOR ALL CLAIMS FOR RELIEF

- 2 9. For costs incurred; and
- 3 10. Such other and further relief as the Court deems just and proper.

4

5 THE BALL LAW FIRM

6 MORROW LAW GROUP

7 HANAGAMI LAW
A Professional Corporation

8

9 Dated: March 10, 2023

10 By:s/William K. Hanagami

11 William K. Hanagami

12 Attorneys for Plaintiff and *Qui Tam* Relator,
Leiasa Beckham

13

14 DEMAND FOR JURY TRIAL

15 Plaintiff and *Qui Tam* Relator Leiasa Beckham requests a trial by jury.

16

17 THE BALL LAW FIRM

18 MORROW LAW GROUP

19 HANAGAMI LAW
A Professional Corporation

20

21 Dated: March 10, 2023

22 By:s/William K. Hanagami

23 William K. Hanagami

24 Attorneys for Plaintiff and *Qui Tam* Relator,
Leiasa Beckham

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